



MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Sachi A. Hamai, Executive Officer-
Clerk of the Board of Supervisors
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Chief Administrative Officer
County Counsel
Auditor-Controller
Director of Mental Health

At its meeting held June 27, 2006, the Board took the following action:

28 and 29

The following items were called for consideration:

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The Director of Mental Health's recommendation to approve and authorize the Director to prepare and execute 72 renewal Legal Entity (LE) agreements for the provision of continuous, uninterrupted mental health services to severely and persistently mentally ill adults, seriously emotionally disturbed children, adolescents, and their families throughout the County, at a total cost of \$314,988,813, funded by 28% State and 43% Federal revenues, 4% Intrafund Transfers and 25% Net County Cost/Realignment funds in amount of \$76,987,293, effective July 1, 2006 through June 30, 2007, with two automatic one-year renewal periods for 71 LE agreements, and one automatic one-year renewal period for LE agreement with an Institution for Mental Disease contractor; approve revised LE agreement format, which has been updated to reflect revised and new Board mandated provisions required in all County contracts, including a contract provision that contractors comply with all applicable Federal, State and County policies and procedures relating to performance standards and outcome measures, including a new provision on the Mental Health Services Act; and authorize the Director to prepare and execute future amendment to LE agreements, provided that: 1) the County's total payments to a contractor under each agreement for each applicable fiscal year shall not exceed an increase of 20% from the applicable revised MCA or per diem rates; and 2) any such increase shall be used to provide additional services or to reflect program and/or policy changes; and

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The Director of Mental Health's recommendation to approve and authorize the Director to prepare and execute the supersession of 69 Legal Entity (LE) agreements to enable the Department to ensure the uniform implementation of revised and new Board-mandated provisions required in all LE agreements which provide for mental health services to severely and persistently mentally ill adults, seriously emotionally disturbed children, adolescents, and their families, at a total cost of \$239,191,997, funded by 32% State and 45% Federal revenues, 4% Intrafund Transfers and 19% Net County Cost/Realignment funds in amount of \$46,149,547, effective upon execution through June 30, 2007 with one automatic one-year renewal; authorize the Director to prepare and execute amendments to the LE agreements, provided that: 1) the County's total payments to a contractor under each agreement for each applicable fiscal year does not exceed an increase of 20% from the applicable revised MCA or per diem rates; and 2) any such increase shall be used to provide additional services or to reflect program and/or policy changes.

Bruce Saltzer, representing the Association of Community Human Service Agencies, addressed the Board.

The following statement was entered into the record for Supervisors Knabe and Burke:

"The allocations to County-contracted, community mental health agencies are based on projections as to their estimated client mix and funding source. These projections are not an exact science. The reality is that community agencies can neither predict nor control who walks through their doors or whether the client is insured or uninsured. No one disputes that the costs of care to the uninsured and underinsured are rising, but the County is currently unable to afford to increase the agencies' maximum contract amounts. Community agencies must find other non-County funds to help them survive.

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“In an effort to assist agencies with this endeavor, the County has historically allowed agencies during the Fiscal Year to shift County General Fund (CGF) dollars from an underutilized fund category within their contracts to match and draw down additional Federal dollars. These additional Federal funds are how many agencies have historically survived the increasing costs of indigent care. Today, the County threatens to shut off that source of income putting the survival of our community agencies and the safety-net services they provide to our residents at-risk. Last year, the problem was temporarily resolved by mutually agreed upon contract language that maintained as much of this CGF flexibility as possible while protecting the County’s interest in drawing down additional Federal matching dollars for indigent care. The following language was agreed upon: ‘For Fiscal Year 2004-05 only, Contractor may, on a provisional basis, shift CGF between categories in the Financial Summary, based on actual services delivered, with the provision that at settlement, County General Funds will be first used for Match if the amount needed for Match exceeds the amount projected by Contractor. Any such shift of funds shall be in compliance with all County, State, and Federal regulations, and shall not result in any increase to the Maximum Contract Amount.’

“Since that time, providers and the Department of Mental Health have been working to try to come up with a long-term solution. There have been good faith efforts on both sides, but a final resolution has not yet been reached. Meanwhile, the current year contracts do not include the temporary accommodation included in last year’s contracts.

“While both parties continue the effort to work out a final resolution, fairness and stability in our fragile mental health safety net require that language identical to the Fiscal Year 2004-05 contract language needs to be inserted into the current Fiscal Year 2005-06 contracts. Otherwise, the community agencies serving the County’s indigent population face the loss of hundreds of thousands of dollars.”

Therefore, Supervisor Knabe made a motion that the Board take the following actions:

1. Adopt the Director of Mental Health’s attached recommendations; and

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28 and 29 (Continued)

2. Instruct the Director of Mental Health to:

- Include the same shift of funds language in the current Fiscal Year contracts that the Board approved for inclusion in the Fiscal Year 2004-05 contracts; and
- In consultation with the Chief Administrative Officer, County Counsel and Auditor-Controller, report back in 30 days with a long-term solution to the shift of funds issue.

Supervisor Molina made a suggestion that Supervisor Knabe's motion be amended to also request the Director of Mental Health, in exercising appropriate and reasonable discretion in allowing contract providers to shift funds within their Maximum Contract Amount for Fiscal Year 2005-06, to require his Department to maintain the same level of projected savings identified by his Department in its multi-year deficit mitigation plan. Supervisor Knabe accepted Supervisor Molina's amendment.

Supervisor Knabe's motion, as amended, seconded by Supervisor Molina, was unanimously carried.

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Attachments

Copies distributed:

Each Supervisor